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PRINCIPLES OF GOVERNMENT ACCOUNTING AND REPORTING. By Francis Oakey.
New York: D. Appleton & Co. 1921. Pp. xxvii, 561.

Most of the problems of financial administration in government affairs seem to have their origin in poor accounting methods, and attempts to solve them have brought to the front two principal proposals with regard to accounting procedure. One of these proposals outlines a rather unreserved application of commercial principles to public finance; the other, although advocating a change from the unscientific cash basis, is very much opposed to an unmodified extension of commercial practice to a situation only slightly related to "profit and loss" business. In "Principles of Government Accounting and Reporting" these two lines of thought have been brought into intelligible contradistinction; and it must be remarked that no style of presentation could be better adapted to the needs of the inquiring student.

Mr. Oakey is one of the opponents of the so-called commercial idea. He takes the position that rational accounting exhibits of governments can relate on the one side only to such resources as are of the "realizable" variety, like cash and taxes receivable, and on the other to obligations, like "warrants payable," which are in the usual parlance designated "current liabilities." That is to say, only the operations of current expendable funds are significant for administrative purposes. In taking this attitude the author comes to issue with the familiar declaration of the "commercialists" that financial statements should render pecuniary reflection of "all that a government owes and all that it owns," or, more specifically, that fixed properties and bonded debt are essential items in the balance sheet of any government. He argues that debt of the character of a bonded obligation cannot logically be opposed in a balance sheet to funds which have not benefited from its incurrence and to properties which could not possibly be employed toward its liquidation; in short, that bonded debt is a lien upon municipal credit and taxing power not susceptible of articulation in terms of dollars and cents. Of course, it is understood that both the debt and its sinking fund must be reported in some form, but certainly not as an item specifically related to the appraised value of unsalable fixed assets and to the apparently realizable value of current resources. That accounting for fixed properties would be accomplished on some other basis than that of pecuniary value naturally follows; and the standard of measurement which the author has chosen is "capacity to serve," that is, capacity as determined on the basis of remaining service life and of general efficiency in supplying the needs of the public. It is emphasized throughout that financial statements should be written in terms which have a real significance to particular periods of operation.

As to methods of accounting and reporting which occupy rather a middle position in relation to those which have been mentioned, the author has little to say, except for the numerous excellent citations of cases from actual practice and a paragraph or so of criticism made in the light of the principal theories.

Since Mr. Oakey is himself primarily an accountant, one can easily see why he centers his argument on matters of accounting procedure. The

reviewer believes that this circumstance has had none but a beneficial effect. The writer's method makes it possible for the student to proceed from the particular to the general, from the mere framework of finance to an apprehension of the broad principles of reporting. But it must not be gathered from this that the book is a tedious recitation of bookkeeping forms and a meaningless guide for the making of debits and credits out of the transactions of the government. There is very little said about such details, although enough is said to give scientific coherence to the treatment.

The chapters entitled "The Budget as a Report" and "The Financial Condition of the Government as a Whole" are pleasing departures from the usual scheme of presentation. They are effective in reminding the student of the expedient and the essential in the preparation of public budgets and in the problems of general public finance. And the merits of the study in respect to the definition of terms used, and the application of those terms in the field of practice, are worthy of favorable notice. The reader will find a thorough discussion of "funds," "appropriations," "government receipts and disbursements," "stores," "debt limit, natural and legal," and the usual current assets and liabilities found in government exhibits.

The author deals with his theme in a manner consistent with his understanding of accounting as "the science of producing promptly and presenting clearly the facts relating to financial condition and the operations that are required as a basis of management." Public administrators should not be compelled to take time from the exercise of wise vision to supply the deficiencies of inadequate and unintelligible accounting and reporting.

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THE QUESTION OF ABORIGINES IN THE LAW AND PRACTICE OF NATIONS. By Alpheus Henry Snow. New York: G. P. Putnam's Sons. 1921. Pp. v, 376.

In 1918 the Department of State requested the author to "undertake the task of collecting, arranging, and, so far as he may deem necessary, editing the authorities and documents relating to the subject of 'Aborigines in the Law and Practice of Nations.'" This volume was written in response to the Department's request.

By aborigines the author means uncivilized natives in the colonies of civilized states. The question of aborigines is formulated as follows: "First, what are the general principles of the law of nations which the colonizing states respectively have recognized and now recognize and apply, as governing their respective relations with the uncivilized tribes which were inhabiting the regions colonized by them at the time they respectively assumed the sovereignty of the regions? Second, to what extent and on what principles have civilized states coöperated with each other in recognizing and applying these principles?" (Pp. 17-18.)

The peace of 1763 between France and Great Britain is taken as the beginning of the modern law on the subject. In the treaties of that year native tribes were regarded as having virtually no rights whatever. But a